



IMP Powers Ltd.



Stepping up !

**49th Annual Report
2010 - 2011**

BOARD OF DIRECTORS

Shri Ramniwas R Dhoot	Chairman
Shri Ajay R Dhoot	Managing Director
Shri Aaditya R Dhoot	Jt Managing Director
Shri Rajendra Mimani	Director-Marketing (w.e.f. 29.08.2011)
Shri R. T. RajGuroo	Director
Shri Prashant J. Pandit	Director
Shri Jayant N. Godbole	Director
Shri Prakash Bagla	Director
Shri Siby Antony	Director

COMPANY SECRETARY

Milind Jog (up to 31st August 2011)

BANKERS

State Bank of Hyderabad
State Bank of India
Bank of India
The Karnataka Bank Ltd
SBI Commercial and International Bank Ltd (Now State Bank of India)
IDBI Bank Ltd

AUDITORS

Batliboi & Purohit
National Insurance Building, 204,
Dadabhoy Naoroji Road, Fort, Mumbai – 400 001

REGISTERED OFFICE:

Survey No. 263/3/2/2, Sayli Village
Umarkoin Road, Silvassa (U.T. D&NH) -396230

CORPORATE OFFICE

35/C, Popular Press Building
2nd Floor, Pt. M M Malviya Road,
Tardeo, Mumbai – 400034

MUMBAI WORKS

85, Government Industrial Estate
Kandivali West, Mumbai – 400067

Registrar & Transfer Agents

Link Intime India (Private) Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup, Mumbai -400078
Tel: 022-25963838; Fax: 25946969

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49th Annual General Meeting

Wednesday, 21st December 2011 at 3.30 p.m. at the Registered office of the Company at
263/3/2/2, Sayli Village, Umerkoin Road, Silvassa 396230, Dadra & Nagar Haveli (U.T.)

Members are requested to bring their copy of the Annual Report to the Annual General Meeting

IMP POWERS LIMITED

NOTICE

Notice is hereby given that the 49th Annual General Meeting of IMP Powers Ltd. will be held on Wednesday, 21st December 2011 at 3.30 p.m. at the Registered office of the Company at Survey No.263/3/2/2, Village Sayali, Umerkoi Road, Silvassa 396230, Dadra & Nagar Haveli (U.T.) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2011, the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Shri. R. T. RajGuroo who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri. Prashant Pandit who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT Shri. Rajendra Mimani, who was appointed by the Board of Directors on 29.08.2011 as an Additional Director of the Company and who holds the office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."
7. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT , pursuant to the provisions of Section 198, 309, 269, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("The Act"), the consent of the members be and is hereby accorded to the appointment of Shri Rajendra Mimani as a Whole-time Director of the Company (designated as "Director-Marketing") for a period of five years with effect from 29th August 2011 on the terms and conditions, including remuneration as set out in the letter of appointment of Shri Rajendra Mimani.
"RESOLVED FURTHER THAT the Board be and is hereby authorized to do such alterations, changes and/or variations in the remuneration payable to Shri Rajendra Mimani as may be agreed between the Directors and Shri Rajendra Mimani provided that the said remuneration as altered, changed or varied shall be within the limits prescribed therefore under Section 198, 309 and/or Schedule XIII of the Act, for the time being and amended from time to time in force"
"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorised to do all such acts, matters and things as it may in its absolute discretion deem necessary, expedient or proper."

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES TO BE IN ORDER MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to business under Item No. 6 & 7 as set out above is annexed hereto. The relevant details in respect of Item Nos. 3 & 4 above, as required under Clause 49 of the Listing Agreement with the Stock Exchange are furnished in the statement on Corporate Governance contained in the Annual Report for the year 2010-11.
- c) Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting. Members are requested to bring their copy of the Annual Report to the meeting.

Book Closure & Dividend

- d) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 14th December 2011 to Wednesday 21st December 2011 (both days inclusive)
- e) The dividend, if declared at the Annual General Meeting, will be paid on before 20th January 2012 to those persons or their mandatees:
- i) whose names appear as beneficial owners on the date of the meeting in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - ii) whose names appear as Members in the register of members of the Company after giving effect to valid share transfers in physical form lodged with the Registrar and Share Transfer Agent on the date of the meeting.
- f) **Nomination facility**
- Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agent.
 - Members holding shares in electronic form may obtain the Nomination Forms from their respective Depository Participants.
- g) In respect of the matters pertaining to bank details, mandates, nomination, power of attorney, change in name/address, e-mail address etc. the members are requested to approach :
- the Company's Registrar & Share Transfer Agent, in case of shares held in physical form and
 - the respective Depository Participants, in case of shares held in electronic form.
- h) In all correspondence with the Company/Registrar & Share Transfer Agent, members are requested to quote their folio numbers or DP ID and Client ID in respect of Shareholding in physical or electronic form respectively.
- i) A member desirous of getting any information in respect of the contents of the Annual Report is requested to forward the queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.

Regd.Off. :

Survey No.263/3/2/2
Umerkoi Road, Village Sayali
Silvassa, 396230
Dadra & Nagar Haveli (U.T.)

By Order of the Board

Ramniwas R Dhoot
Chairman

Place : Mumbai

Date: 14th November 2011

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Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No.6

The Board of the Directors of the Company has appointed Shri. Rajendra Mimani, President-Business Development as Additional Director with effect from 29th August 2011.

As per Section 260 of the Companies Act, 1956, Shri. Rajendra Mimani, holds the office as Additional Director upto the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a shareholder proposing the candidature of Shri. Rajendra Mimani, as Director of the Company alongwith a deposit of Rs. 500/-.

A brief resume of Shri. Rajendra Mimani, is given in the Corporate Governance Report.

None of the Directors except Shri. Rajendra Mimani, in any way, concerned or interested in the said resolution.

Your Directors recommend the resolution at Item No. 6 of the notice for your approval.

Item No. 7

Your Directors have, subject to your approval in the ensuing Annual General Meeting, appointed Shri Rajendra Mimani as the Whole-time Director of the Company (designated as 'Director-Marketing') for a period of five years with effect from 29th August 2011, on the terms and subject to conditions set out in the letter of appointment referred to in the Resolution at Item No. 7 of the Notice. The material terms, including remuneration, of the letter of appointment are as follows:

(A) PERIOD :

Five years with effect from 29th August 2011.

(B) REMUNERATION:

A Salary of Rs. 1,25,000/-, p.m. with liberty to the Board to grant or withhold increments as deemed fit;

(C) OTHER MAJOR TERMS:

- (i) The Director-Marketing shall not, without Board's approval, engage himself in any business, occupation or employment competing with the Company's business;
- (ii) The Director-Marketing shall not divulge or disclose any confidential information or knowledge as to the business and affairs of the Company;
- (iii) Both parties are entitled to terminate the agreement by giving 30 days notice in writing, without assigning any reasons.

Shri Rajendra Mimani is a Bachelor of Commerce and has more than 3 decades rich and varied experience in Marketing. He is associated with the Company for more than 30 years. Shri Rajendra Mimani has, in the past, successfully served the Company in various capacities and is presently the President-Business Development.

The appointment of Shri Rajendra Mimani and payment of remuneration to him as the Whole-time Director has been approved by the Remuneration Committee of the Board of Directors at their meeting held on 29th August 2011. The Remuneration Committee, while approving the appointment of and remuneration payable to Shri Rajendra Mimani as the Director-Marketing, took into account the financial position of the Company, trend in the Industry, experience and expertise of Shri Rajendra Mimani as well as his past performance and past remuneration.

The remuneration payable to Shri Rajendra Mimani as per the letter of appointment complies with the requirements of Schedule XIII of the Companies Act, 1956.

Your Directors are of the view that the appointment of Shri Rajendra Mimani as the Director-Marketing is in the best interest of the Company and shareholders and accordingly, recommend the passing of the resolution at Item No. 7 of the Notice.

None of the Directors except Shri. Rajendra Mimani, is in any way, concerned or interested in the said resolution.

Regd.Off. :

Survey No.263/3/2/2
Umerkoi Road, Village Sayali Silvassa, 396230
Dadra & Nagar Haveli (U.T.)

By Order of the Board

Ramniwas R Dhoot
Chairman

Place : Mumbai

Date : 14th November 2011

DIRECTORS' REPORT

To,
The Members,
IMP Powers Ltd.
Silvassa

Dear Shareholders,

Your Directors have pleasure in presenting the 49th Annual Report of your Company and Audited Accounts for the year ended 30th June 2011. While the financial year 2010-11 offered quite a few challenges from the business point of view, the management of your Company could effectively deal with those challenges and pave the way for improving the performance on a sustained basis.

FINANCIAL RESULTS AND APPROPRIATIONS:

(Amount in Lacs)

	Year ended June 30, 2011	Year ended June 30, 2010
Sales	24914.98	19269.53
Other Income	25.78	21.46
Total Sales and Other Income	24940.76	19290.99
Profit before Interest and Finance Charges, Depreciation & Taxation	3047.67	2190.30
Less : Interest and Finance Charge	1626.67	1157.24
Less: Depreciation	392.48	350.29
Profit before Taxation	1028.52	682.77
Less: Provision for Taxation		
· Current	229.09	88.66
· Deferred	77.90	135.21
· Fringe Benefit Tax	—	—
Profit After Tax	721.53	458.90
Extra ordinary item	443.50	—
Net Profit	278.03	458.90
Earning per share Before extra ordinary items –Basic	8.75	5.52
Diluted	8.75	5.52
Earning Per Share After extra-ordinary Items Basic	3.30	5.52
Diluted	3.30	5.52

Note: Previous year figures have been regrouped/rearranged wherever necessary.

OPERATIONS:

Production of transformers for the financial year was increased by 22.65% to 5426 MVA as against 4424 MVA during the previous year and sales in terms of MVA was increased by 28.67% to 5175 MVA as compared to 4022 MVA during the previous year. Your Company recorded a significant growth of 29% in net sales at Rs. 249.41 crores during the year as against Rs.192.90 crores in 2009-10. During the year, your Company also exported transformers worth Rs. 9.25 crores. The Net Profit after Tax (PAT) but before Extra Ordinary Item was higher by 57% at Rs.7.21 crores as compared to Rs.4.59 crores during the previous financial year. One of the important highlights during the year was exit of the Company from the Corporate Debt Restructuring system by payment of recompense which has been provided as the extra-ordinary item and Net Profit after Extra Ordinary Item was Rs.2.78 crores.

Key Achievements

- 50/66 MVA, 161/34.5 KV Power Transformer for export successfully passed Short Circuit test at CPRI Bhopal at first instance. This was the highest rating ever done by Bhopal till date.

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- b) Your Company has also received a prestigious award for most "VALUED CUSTOMER" from CPRI.
- c) During the year under review, your Company has supplied 200MVA -220/110KV Transformer to MSCTCL.
- d) Exit from Corporate Debt Restructuring Cell (CDR)

Yours Directors have great pleasure to announce that your Company is now out of CDR Cell. CDR Empowered Group (EG) also at its meeting held on 19th October 2011 confirmed that Your Company is out of CDR.

This itself is a huge step and shows the inherent strength of your Company in such challenging circumstances.

FUTURE PROSPECTS:

In current scenario, Power Sector is going through radical changes in terms of capacity addition, higher efficiency, increased private players, competitive pricing and improved regulatory framework. The Power requirement in India is expected to grow manifold in the coming years. In addition to capacity addition, Government of India has identified 16 UMPPs out of which 4 UMPPs have already been awarded.

A huge capital investment is required to meet Mission 2012 targets. This has welcomed numerous global companies to establish their operations in India under the famous PPP (public-private partnership) programs. Additional massive capital investment is further required over the subsequent years with the Country's power requisite expected to touch 800,000 MW by 2031-32. Keeping this in mind, there will be a huge growth prospects for the transformer industry in India.

Order flows are likely to improve further for TLT-EPC Companies in Financial year 2012 on account of PGCIL's Capex blueprint for the 12th Plan period (Rs.1000 bn-Rs.1200 bn).

With planned investment outlay of INR 2,800 bn (USD 61bn) during the XI and XII Plans, T & D is expected to grow strongly in the next few years. PGCIL has already spent Rs. 375 bn in the eleventh period out of the targeted investment of Rs.550 bn and the fresh order flows also shows the buoyancy. Investments in T & D sector will continue to grow beyond FY 2012, with PGCIL targeting to spend Rs.1 tn on expanding inter regional transmission capacity to 75.8 GW by FY 2017.

We believe spending by State Electricity Boards on T & D should improve further on the back measures undertaken for targeted improvement of finances of these Boards. Recently, States like Delhi, Rajasthan, Tamil Nadu have taken initiatives to increase tariffs after gap of many years.

Keeping in view all the developments/initiatives, there are prospects for huge growth in the power sector and the demand for the transformers will grow manifold. Your Company is ready to accept the challenges and opportunities to come in the power sector with its 10000 MVA Transformers Production Capacity.

DIVIDEND:

Being the 50th year (Golden Jubilee Year) of your Company, your Directors recommend a dividend of Re.1/- per equity share of Rs.10/- each (i.e. 10%) for the financial year ended on 30th June 2011.

DIRECTORS:

The Board of Directors at its meeting held on 29th August 2011, appointed Shri Rajendra Mimani as Director-Marketing (Whole Time Director) w.e.f. 29th August 2011 as an Additional Director in terms of Section 260 of the Companies Act, 1956. He holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offered himself for regular appointment as Director.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Associations of the Company, Mr. R. T. RajGuroo and Mr. Prashant Pandit, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer them selves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the annual accounts for the financial year ended 30th June 2010 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June 2011 and of the profit and loss account of the Company for the year ended on that date;

- They have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

AUDITORS:

M/s. Batliboi & Purohit, Chartered Accountants, Statutory Auditors of the Company, who hold office until the conclusion of the ensuing Annual General Meeting, will retire at the forthcoming Annual General Meeting. The Company has received a certificate from the auditors of the Company to the effect that their appointment, if made, would be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends their appointment.

AUDITORS' REPORT:

The observations in the Auditors' Report read with the Notes to Accounts are self-explanatory and do not call for comments.

CORPORATE GOVERNANCE:

As required by the Clause 49 of the Listing Agreements entered with The Bombay Stock Exchange and National Stock Exchange, where the shares of your Company are listed, Management Discussion and Analysis Report, Corporate Governance Report, Auditor's Certificate on compliance of conditions of Corporate Governance are attached to this Annual Report and forms integral part of the Directors' Report.

CODE OF CONDUCT COMPLIANCE:

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the declaration signed by the Jt. Managing Director regarding Code of Conduct Compliance for the financial year ended 30th June 2011 is annexed and forms part of the Directors' Report.

FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits from the public during the period under review.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company has in place adequate internal control systems commensurate with the nature of its business and the size of its operations. Appointment of M/s Sharp Tannan & Associates as Internal Auditors, strengthened the Internal Control System of your Company substantially.

INSURANCE:

Properties and Assets of the Company are adequately insured.

HUMAN RESOURCES:

Your Company recognizes that people are its principal assets. Company's growth is always dependent upon its ability to attract and retain good quality people. A full-fledged Human Resources Department has been set up which is entrusted with the responsibility of recruiting new talent from the market, retaining and developing skills of the employees of the Company by conducting various trainings in its in house training centre at the Silvassa Factory. Industrial relations at all divisions of the Company remained cordial during the year.

PARTICULARS OF EMPLOYEES:

During the year under review, the Company has not employed any employee whose particulars are required to be disclosed in this report pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2000.

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

a) **CONSERVATION OF ENERGY**

Steps taken for conservations

1. Installation of translucent roof in OLTC shop.
2. Installation of APFC to improve power factor.
3. Installed 10kvar capacitor bank in APFC panel to improve power factor.

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4. Maintained 4% oxy level in thermo pack diesel.
5. Replacement of mercury lamps with metal halide lamps .
6. Started use of LED lamps.
7. Reduction in wastage of energy by optimum use of plant & machinery, air conditioners and lighting in workshops/offices.

With the help of various measures undertaken by the Company, there is a reduction in consumption of energy. Your Company is making continuous efforts to further reduce energy consumption and consequent cost of production.

b) The details of foreign exchange income and outgo are as below:-

(Rs in Lacs.)

Particulars	2010-11	2009-10
Foreign Exchange Earning	916.90	1433.50
Foreign Exchange Expenditure	10.00	19.30

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Shareholders, Financial Institutions, Banks, Employees, Distributors, Suppliers and other business associates.

For and on behalf of Board

(Ramniwas R Dhoot)
Chairman

Date : 14th November 2011
Place: Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Overview:-

Robust growth and steady fiscal consolidation have been the hallmark of the Indian economy in the year 2010-11. India while firing on all cylinders at a time, the global economy was yet again facing uncertainties due to the European debt crisis. Inflation continues to be high even though it has come down significantly from where it was at the start of the fiscal year. Consumption rebounded strongly after having gone through a slump in the earlier year. Double digit rise in investments also indicated that growth momentum was unlikely to falter in near future. The Indian Economy will achieve near 8% growth in financial year 2011-12 despite the global slowdown, while lowering inflation will remain a challenge in the short term.

Outlook on Power Industry

The Indian Power Industry is one of the largest and most important industries in India as it fulfils the energy requirements of various other industries. It is one of the most critical components of infrastructure that affects economic growth and the well-being of our nation.

The power sector made significant progress in 2007 with all its segments registering substantial growth. The capacity addition of 9050 MW was the highest ever achieved in a year. The award of four Ultra Mega Power Projects (UMPPS) holds the promise of still higher capacity addition by the private sector in the coming years.

The Government expects to achieve additional power generation capacity of 16000 MW in the remaining period of the 11th Five Year Plan, i.e. more than half of the total capacity added in the last four years.

With current estimates, Government would still fall short of the revised Five Year Plan Target of 62000 MW, since it would be able to add only about 52000 MW by March 2012. The Planning Commission had cut down the initial capacity addition target of 78000 MW during its mid-term review to 62000 MW. A capacity of over 12000 MW was added in the last fiscal after adding nearly 9600 MW in 2009-10. Prior to that capacity addition was more than 3450 MW (2008-09) and over 9260 MW in 2009-10. The Centre has targeted capacity addition of 100,000 MW each in the 12th Plan (2012-17) and 13th Plan (2017-22), Even though the Ministry has set ambitious capacity addition targets, many projects are facing delays.

The latest figures released by the Central Electricity Authority (CEA) indicates a 5.5% growth in electricity generation in India during the financial year 2010-11. Power generation recorded a CAGR of 5.17% during the period 2001-02 to 2010-11.

Transformer Industry Outlook

The transformer industry is usually divided into Distribution Transformers, Power transformers and other types of special transformers for welding, traction, furnace etc. The industry over the period has matured into reliable suppliers of all types of transformers.

The domestic transformer sector has been going through a challenging phase. There has been margin pressure on account of overcapacity and subdued demand conditions. In last 2-3 years, transformer industry increased its capacity substantially in wake of expected increase in demand from State utilities as well as the private sector. However, private demand remained sluggish as higher interest rate scenario has curbed private capex. Moreover, actual T&D spending by utilities has also been sluggish. The domestic transformer industry continues to operate at lower utilization levels of roughly 60% and the condition is likely to persist in the near-to-medium term.

Transformer Industry has witnessed an overall growth of 15%. Domestic demand is on the rise, however exports have declined by 15% mainly in the Power Transformer segment. Industry experts expressed the last year's growth as "High Volumes but Low Income and need for lever playing field." (Source: IEEMA Report).

Demand for transformers comprises of new demand as well as replacement demand which mainly arises from new power generating capacities and from making the Transmission and Distribution more efficient.

Company Overview:-

Your Company is in the business of manufacturing of Power Transformers with an installed capacity of 10000 MVA. Since Inception, the Company has been able to develop and expand its existence in Indian Transformers manufacturing market. The Company has successfully manufactured and supplied 200 MVA- 220/110 KV Transformer to MSCTCL. The Plant is now geared up to produce up to 400KV Transformers. The Company has also exported 71MVA 330KV Transformer to Africa.

Your Company is addressing the challenges by adopting several measures. There was a successful short circuit test of 50/ 66 MVA, 161/34.5 KV Power Transformer at CPRI Bhopal at very first instance. This was the highest rating ever done by Bhopal till date. Further, your Company has also received an award for most "VALUED CUSTOMER" from CPRI.